



USDA Foreign Agricultural Service

# GAIN Report

Global Agriculture Information Network

Template Version 2.09

Required Report - public distribution

**Date:** 7/27/2004

**GAIN Report Number:** SP4018

## Spain

## Tree Nuts

## Annual

## 2004

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**Report Highlights:** Prospects remain excellent for U.S. almond exports to Spain during marketing year 2004/05, possibly surpassing the record pace set during the marketing year just ended. Spanish tree-nut producers appear destined to receive record production subsidies this year, resulting from CAP reform.

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Includes PSD Changes: Yes  
Includes Trade Matrix: Yes  
Annual Report  
Madrid [SP1]  
[SP]

<b>EXECUTIVE SUMMARY .....</b>	<b>3</b>
<b>PRODUCTION.....</b>	<b>4</b>
<b>CONSUMPTION.....</b>	<b>4</b>
<b>TRADE .....</b>	<b>4</b>
Factors Affecting Trade – Mycotoxin Limits written 2001.....	5
Policy.....	5
<b>MARKETING .....</b>	<b>6</b>
Almonds written 2004 .....	6
Hazelnuts written 2004.....	6
<b>TABLES .....</b>	<b>7</b>
Production, Supply & Distribution – Almonds, Shelled.....	7
Trade Matrices, Almonds, Shelled .....	8
Production, Supply & Distribution – Hazelnuts, In-Shell.....	9
Trade Matrices, Hazelnuts, In-Shell .....	10

## EXECUTIVE SUMMARY

### Imports

FAS/Madrid forecasts that Spanish almond imports\* will reach or have reached the following record levels:

Forecast--Marketing year (MY) 2004/05, 63,000 metric tons;

Estimate--MY 2003/04, 61,000;

Official—MY 2002/03, 49,384; and,

Official--MY 2001/02, 42,290.

\*Approximately 90 percent of Spanish almond imports are from the United States.

The string of import records could, however, be broken in MY 2005/06 if Spanish almond producers achieve an average crop.

### Exports

FAS/Madrid forecasts that Spanish almond exporters will suffer their worst year in recent history during MY 2004/05, potentially shifting California exports to other European distribution/repacking centers that compete with Spanish exporters. This year's short crop and aflatoxin-related administrative delays are making it difficult for Spanish traders to source both for the domestic and export markets.

With an average almond production in MY 2005/06, Spanish exports will likely regain the record-setting success achieved during.

### Production

It appears that Spanish almond and hazelnut producers have suffered their worst year on record for the crop just now being harvested. The 23,000-ton almond and the 9,000-ton hazelnut crops (FAS/Madrid forecasts) will be less than half an average crop.

### Trade Policy

Spanish tree nut producers are about to receive as much as € 241.50 per hectare as a result of Common Agriculture Policy (CAP) reform (please see the Policy section on page 5 of this report).

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**PRODUCTION**

Tree Nut Production						
				Estimate	Forecast	Forecast
	MY 00/01	MY 01/02	MY 02/03	MY 03/04	MY 04/05	MY 05/06
Almonds	53,000	57,000	66,000	44,000	23,000	56,000
Hazelnuts	16,000	26,000	22,000	12,000	9,000	24,000

Source: AgMinistry and Trade

**CONSUMPTION**

Tree Nut Consumption						
				Estimate	Forecast	Forecast
	MY 00/01	MY 01/02	MY 02/03	MY 03/04	MY 04/05	MY 05/06
Almonds	38,500	48,500	51,000	50,000	49,000	52,000
Hazelnuts	17,000	22,000	25,000	24,000	20,000	25,000
Walnuts	28,000	36,000	30,000	31,000	31,000	31,000
Pistachios	11,000	14,000	20,000	25,000	26,000	27,000

Source: AgMinistry and Trade

**TRADE**

Tree Nut Imports						
				Estimate	Forecast	Forecast
	MY 00/01	MY 01/02	MY 02/03	MY 03/04	MY 04/05	MY 05/06
Almonds	29,567	42,290	49,384	61,000	63,000	55,000
Hazelnuts	9,253	14,262	14,415	15,000	14,000	14,000
Walnuts	22,371	34,851	24,280	21,000	21,000	21,000
Pistachios	11,802	14,199	19,946	25,000	26,000	27,000
Chestnuts	3,047	2,435	3,615	5,000	6,000	6,000
Other	19,011	10,910	18,841	21,000	22,000	22,000
Total Tree Nut Imports	95,051	118,946	130,481	148,000	152,000	145,000

Source: Customs and Trade

Tree Nut Exports						
				Estimate	Forecast	Forecast
	MY 00/01	MY 01/02	MY 02/03	MY 03/04	MY 04/05	MY 05/06
Almonds	51,000	50,500	59,500	52,000	44,000	59,000
Hazelnuts	12,000	7,500	11,000	10,000	7,000	12,000
Walnuts	1,000	1,000	1,000	1,200	1,300	1,400
Pistachios	800	1,000	1,000	1,100	1,200	1,300
Chestnuts	7,500	8,500	6,600	12,000	8,000	8,000
Other	3,000	3,800	4,300	4,400	4,500	4,600
Total Tree Nut Exports	75,300	72,300	83,400	80,700	66,000	86,300

Source: Customs and Trade

### Factors Affecting Trade – Mycotoxin Limits (written 2001)

On January 1, 1999, European Union (EU) limits on aflatoxin in nut products became applicable in Spain. These limits were set in Commission Regulation EC 1525/98, and more recently in Commission Regulation EC 466/2001. For nuts (including almonds) and dried fruit intended for direct human consumption or as an ingredient in foodstuffs, the maximum limits are 2 PPB (2 parts-per-billion or 2 micrograms/kilogram) for aflatoxin B1 and 4 PPB (4 micrograms/kilogram) for aflatoxins B1, B2, G1 and G2 combined. The Regulations, however, establish 5 and 10 micrograms/kilogram limits respectively for nuts and dried fruit to be subject to sorting or other physical treatment before human consumption or use as an ingredient in foodstuffs. Needless to say, the sorting or the physical treatment applied must reduce the aflatoxin levels down to the 2 and 4 PPB limits described above.

When aflatoxins exceed the limit in a shipment of imported almonds, a EU alert is set. Mandatory testing is required on subsequent shipments from the originating grower or packer. After three satisfactory tests, the alert is lifted.

### POLICY (written 2004)

The reform of the CAP approved in 2003 includes a new support scheme for tree nuts (Regulation 1782/2003). Beginning with this year's crop, some Spanish tree nut producers are eligible to receive subsidies on 568,200 hectares (more than half total permissible EU hectares) with an EU payment of € 120.75 per hectare that can be complemented by an equal amount by the Government of Spain (GOS) and/or its Autonomous Regional Governments (ARGs). Per Spanish Ministry of Agriculture Regulation 5101 of March 19, 2004, the GOS provided €10 million to its ARGs for distribution to local producers, with the charge that the total subsidy given at the local level, including EU, GOS and local funds not exceed €241.50 per hectare.

Disbursement at the local level is based on requests from the producer organizations subject to certain criteria. In addition to the requirements of EU Regulation 1782/2003, under Regulation 5101 some additional conditions include a minimum .2-hectare plot size and a density of 80 almond trees and 150 hazelnut trees per hectare. Producers must also be members of a producer organization established pursuant EU Regulation 2200/96.

Regulation 5101 also provided that hazelnut producers receive an additional €105 per hectare, because of "import competition" and difficult growing conditions, and sets out a corrective factor if the total subsidy exceeds that permissible under EU regulation.

Given the requirements of Regulation 5101, we expect that only about 60-65 percent of Spain's tree-nut growers will be eligible for production subsidies this year. However, we also anticipate that additional producers may join local cooperatives in the future to benefit from these production subsidies.

TREE NUT SUBSIDIES (€ MILLION)					
2000	2001	2002	2003	2004 E	2005 F
98	99	98	67	105	110

The previous Tree Nut Improvement Program ended in 2002, and 2003 (please see above) was a transition year in which Spain was authorized to grant national aid to tree nut growers to bridge the gap between the previous Tree Nut Improvement Program and reformed-CAP Regulation 1782/2003.

**MARKETING****Almonds** (written 2004)

Domestic growers are generally grouped into cooperatives, which process and market their almonds both domestically and internationally.

Almonds and hazelnuts are important to three industries in Spain: 1) roasters, 2) candy producers, 3) bakers.

**Hazelnuts** (written 2004)

The bulk of the domestic crop is traded in-shell, as are U.S. hazelnuts. In contrast, all Turkish hazelnut imports are shelled.

## TABLES

## Production, Supply &amp; Distribution – Almonds, Shelled

## PSD Table

Country	Spain						
Commodity	Almonds, Shelled Basis						(HA)(1000 TREES)(MT)
	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official	Estimate [1]	USDA Official	Estimate [1]	USDA Official	Estimate [New]	
Market Year Begin	09/2003		09/2004		09/2005		MM/YYYY
Area Planted	670	680	670	670	0	665	(HA)
Area Harvested	650	650	650	650	0	660	(HA)
Bearing Trees	0	0	0	0	0	0	(1000 TREES)
Non-Bearing Trees	0	0	0	0	0	0	(1000 TREES)
Total Trees	0	0	0	0	0	0	(1000 TREES)
Beginning Stocks	5000	5000	2000	8000	5000	1000	(MT)
Production	47000	44000	59000	23000	0	56000	(MT)
Imports	55000	61000	54000	63000	0	55000	(MT)
TOTAL SUPPLY	107000	110000	115000	94000	5000	112000	(MT)
Exports	55000	52000	60000	44000	0	59000	(MT)
Domestic Consumption	50000	50000	50000	49000	0	51000	(MT)
Ending Stocks	2000	8000	5000	1000	0	2000	(MT)
TOTAL DISTRIBUTION	107000	110000	115000	94000	0	112000	(MT)

## Trade Matrices, Almonds, Shelled

## Import Trade Matrix

Country Spain

Commodity Almonds, Shelled Basis

Time Period	MY	Units:	MY
Imports for:	2001		2002
U.S.	37768	U.S.	44567
Others		Others	
EU countries	3519	EU countries	4358
Chile	193	Chile	157
Morocco	154	China	100
Australia	146	Australia	85
Switzerland	41	Morocco	24
Algeria	33	Cameroon	20
Argentina	32	Israel	20
Iran	17	Switzerland	18
India	10	Algeria	11
Brazil	10	Japan	5
Total for Others	4155		4798
Others not Listed	6		19
Grand Total	41929		49384

## Export Trade Matrix

Country Spain

Commodity Almonds, Shelled Basis

Time Period	MY	Units:	MY
Exports for:	2001		2002
U.S.	76	U.S.	79
Others		Others	
Germany	19125	Germany	17452
France	8982	Italy	10539
Italy	5009	France	8378
Belgium	3322	Greece	5185
Netherlands	2893	Netherlands	3884
Portugal	1425	Belgium	3159
United Kingdom	1378	Portugal	1644
Switzerland	1211	Switzerland	1597
Greece	1018	United Kingdom	1499
Tunisia	735	Poland	743
Total for Others	45098		54080
Others not Listed	5305		5392
Grand Total	50479		59551



## Production, Supply &amp; Distribution – Hazelnuts, In-Shell

## PSD Table

Country	Spain					
Commodity	Filberts, Inshell Basis					
	(HA)(1000 TREES)(MT)					
	2003	Revised	2004	Estimate	2005	Forecast
	USDA Official [	Estimate [09/2003	DA Official [	Estimate [09/2004	DA Official [	Estimate [New
Market Year Begin						MM/YYYY
Area Planted	23	23	23	23	0	23 (HA)
Area Harvested	21	21	21	21	0	21 (HA)
Bearing Trees	0	0	0	0	0	0 (1000 TREES)
Non-Bearing Trees	0	0	0	0	0	0 (1000 TREES)
Total Trees	0	0	0	0	0	0 (1000 TREES)
Beginning Stocks	12000	12000	3000	5000	4000	1000 (MT)
Production	13000	12000	24000	9000	0	24000 (MT)
Imports	10000	15000	14000	14000	0	14000 (MT)
TOTAL SUPPLY	35000	39000	41000	28000	4000	39000 (MT)
Exports	8000	10000	12000	7000	0	12000 (MT)
Domestic Consumption	24000	24000	25000	20000	0	25000 (MT)
Ending Stocks	3000	5000	4000	1000	0	2000 (MT)
TOTAL DISTRIBUTION	35000	39000	41000	28000	0	39000 (MT)

## Trade Matrices, Hazelnuts, In-Shell

## Import Trade Matrix

Country Spain

Commodity Filberts, Inshell Basis

Time Period	MY	Units:	MY
Imports for:	2001		2002
U.S.	673	U.S.	534
Others		Others	
Turkey	12133	Turkey	11714
Italy	486	France	827
Netherlands	411	Italy	684
France	359	Azerbaijan	326
Greece	101	Georgia	117
Azerbaijan	78	Netherlands	90
Georgia	12	Germany	73
Germany	7	Poland	50
Belgium	2		
Total for Others	13589		13881
Others not Listed	0		0
Grand Total	14262		14415

## Export Trade Matrix

Country Spain

Commodity Filberts, Inshell Basis

Time Period	MY	Units:	MY
Exports for:	2001		2002
U.S.	0	U.S.	0
Others		Others	
Germany	3779	Germany	5700
Italy	924	Poland	1432
Poland	713	Italy	1144
France	598	France	564
Venezuela	361	Austria	337
Mexico	249	Venezuela	317
Russia	176	Mexico	180
Denmark	132	Portugal	179
Portugal	123	Brazil	117
Hungary	55	Hungary	117
Total for Others	7110		10087
Others not Listed	303		716
Grand Total	7413		10803